

CANADA PREPARING
FOR VICTORY LOANMinimum of \$300,000,000 Re-
quired, but Is Expected to
Reach Half Billion.

BONDS TO YIELD 5-1-2 P. C.

Will Be Tax Exempt and Con-
vertible Into Future Is-
sues of Similar Nature.

Special Despatch to THE SUN.

TORONTO, Oct. 15.—With the publication of the prospectus of Canada's Victory Loan of 1918 the field work for the flotation enters a more active phase, although the subscription lists will not open for two weeks yet. Terms are as expected, and in well informed circles no doubts are entertained as to the success of the transaction. Subscriptions, it is thought, will easily pass the \$300,000,000 mark. The minimum requirement, and many expect to see them approach reasonably close to the half billion dollar mark, at which the loan organizers are aiming. The effects of the more favorable military outlook overseas and of the rising hopes of a speedy end of the war are seen in the lower interest rate offered in the case of the new Victory Loan of 1917 the five year bonds gave a yield of 5.51, the ten year bonds a yield of 5.66 and the twenty year bonds a yield of 5.75. The new five year bonds will yield but 5.12, the ten year bonds 5.18 and the twenty year bonds 5.25. The issue being made at 100 and interest.

Finance Minister adhered to his original intention regarding the tax exemption feature, notwithstanding the agitation for considerable bonds, which he declined to free from Dominion income tax and thus will be on the same footing as its predecessors. The 1918 loan will be convertible at issue price and interest into any future domestic issues of like maturity or longer. As regards conversion of old loans into this one, it is not likely to be much in evidence. The government part of the outstanding Dominion loan of 1917, which was represented by the Victory Loan of 1917, with conversions amounts to \$450,000,000—out of a grand total of \$500,000,000. This 1917 loan yields a better rate, so there would be a loss in interest through conversion. Again a large proportion of the outstanding bonds are twenty year bonds, convertible only into new bonds of twenty years or longer; and the 1918 Victory Loan contains no issues with maturity beyond fifteen years. Last year there was a very general movement to convert old bonds into the 1917 loan.

Taxation Question.

In one respect the situation in Canada is more favorable for the flotation of a large domestic loan than that which confronted the United States when the Federal Reserve Loan was launched. It was generally recognized that the new revenue bill at Washington, providing for sensational increase of taxation, would greatly impair the subscription capacity of the classes of investors which had subscribed very heavily to the preceding loans. The new taxes which wealthy Americans and corporations are required to shoulder will be payable within a few months after the final installment of the Liberty Loan matures. Thus the tax burden will be made proportionate to the subscription period of the loan. In Canada the matter of new taxes will not prove to be relatively so onerous. The new taxes which the Dominion government is introducing are not so drastic as those immediately in sight. Last spring when the budget was presented the Canadian income tax was increased, but the increase was made the Canadian tax on incomes was approximately the same as the existing income tax in the United States. This enlarged tax, which is payable in 1918, is substantially the same as in the preceding year. So the potential loan subscribers in the Dominion will be in a better position to support the Victory Loan than those in prospect for American investors.

Of course, it is recognized that Canada will be obliged to increase her tax burden, but the increase is not so great as in the preceding year. The new taxes which the Dominion government is introducing are not so drastic as those immediately in sight. Last spring when the budget was presented the Canadian income tax was increased, but the increase was made the Canadian tax on incomes was approximately the same as the existing income tax in the United States. This enlarged tax, which is payable in 1918, is substantially the same as in the preceding year. So the potential loan subscribers in the Dominion will be in a better position to support the Victory Loan than those in prospect for American investors.

Stock Markets Active.

Notwithstanding the preparations for the war loan and the discouraging attitude of bankers toward brokers' loans, some activity continues to prevail in the Montreal and Toronto stock markets. This has been stimulated and kept going by the dividend increases and bonus distributions announced from time to time by various industrial corporations. Also the continuous good news coming from Europe in regard to the war situation inspires the speculative element with the desire to purchase stocks in anticipation of a peace boom. Apparently some desire to do so, to secure the money or credits necessary to finance the purchases. With the Victory Loan so near at hand it is not surprising that the market, by common consent, will be almost suspended.

Apart from the industrial stocks, considerable interest has been manifested in Canadian Pacific. The general confidence of Canadians in C. P. R. stock is not shaken by the unfavorable earnings for August net of \$3,285,000, the lowest so far recorded this year; and the net earnings for eight months to August 31, at \$20,845,000, are lower than those for the corresponding period of 1917. However, an improvement is expected in this month as the delayed crop movement of 1918 attains its full swing. In September the record for Canadian Pacific is the lowest so far recorded this year; and the net earnings for eight months to August 31, at \$20,845,000, are lower than those for the corresponding period of 1917. However, an improvement is expected in this month as the delayed crop movement of 1918 attains its full swing.

Quotations Unchanged.

Oil metals and sugar quotations were unchanged yesterday.

METAL MARKET.

Oct. 15. Oct. 14.
Copper, N. Y. spot, 2.10, 2.10
Copper, N. Y. 100 lb. spot, 2.10, 2.10
Aluminum, N. Y. spot, 2.10, 2.10
Zinc, N. Y. spot, 2.10, 2.10
Lead, N. Y. spot, 2.10, 2.10
Tin, N. Y. spot, 2.10, 2.10
Silver, N. Y. spot, 2.10, 2.10
Gold, N. Y. spot, 2.10, 2.10
Platinum, N. Y. spot, 2.10, 2.10
Nickel, N. Y. spot, 2.10, 2.10
Cobalt, N. Y. spot, 2.10, 2.10
Manganese, N. Y. spot, 2.10, 2.10
Iron, N. Y. spot, 2.10, 2.10
Steel, N. Y. spot, 2.10, 2.10
Copper, N. Y. 100 lb. spot, 2.10, 2.10
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150 LOCOMOTIVES FOR ITALY.

American Company Receives Order
in Excess of \$5,000,000.

W. A. Fletcher, president of the American Locomotive Company, told stockholders yesterday that the company had just closed a contract with the Italian Government for 150 locomotives. The engines will be used on the Italian state railway and will cost in excess of \$5,000,000.

"Business is very good," said Mr. Fletcher, "and we are highly optimistic over the situation. We have orders on our books which are sufficient to carry us well into 1919."

HIGH PRICED OILS
ACTIVE ON THE CURBSome Peace Stocks Establish
New High Records for
the Year.

Activity in the higher priced oil stocks was again the outstanding feature in the curb market yesterday. Interpretations by the traders of the President's note were mixed and caused some confusion at the opening. Some of the stocks were offered lower, while some continued to advance. The oil list was irregular at the opening and then moved forward. Some of the peace stocks established new high records in the case of the year, mostly among the oil shares.

Penn. Mex. Fuel was active, and after showing a substantial decline, moved to a new high level for the year. Among the independent oil shares Pan American Petroleum was strong and active and established a new high record when it closed at 100. Refining, selling ex-dividend, and Houston Oil were more than a point higher. Exceptions to the general upward movement were Sinclair Gulf and Merritt Oil, both of which declined more than a point.

The bond list was small, but a fairly large turnover was reported, most of the business occurring in the Russian government bonds, which changed hands around the highest levels of the year. The strength in Cities Service common was responsible for a rise of two points in the price of the stock.

Total sales and range of prices follow:

Sales.	High.	Low.	Last.	Chg.
2000 Astra Explosives.....	150	149	149	+
2000 B. & O. Oil.....	100	99	99	+
2000 Bm-Am Trk.....	19	18 1/2	18 1/2	+
2000 Burns Bros Ice.....	45	43 1/2	43 1/2	+
2000 C. & D. Oil.....	100	99	99	+
2000 Chevrolet Motor.....	133	132	132	+
2000 Cities Service.....	128	125	125	+
2000 Collet Oil.....	100	99	99	+
2000 Gen Amphal.....	24 1/2	24 1/4	24 1/4	+
2000 Gulf Oil.....	100	99	99	+
2000 Hupp Motors.....	5 1/2	5 1/4	5 1/4	+
2000 Inter Rubber.....	105	104	104	+
2000 J. & J. Oil.....	100	99	99	+
2000 Manhattan Trans.....	5	4 1/2	4 1/2	+
2000 M. & E. Oil.....	100	99	99	+
2000 Penn. C. & Coke.....	27 1/2	27	27 1/2	+
2000 Penn Seaboard.....	49	49	49	+
2000 P. & W. Oil.....	100	99	99	+
2000 Smith M. Truck.....	18	17 1/2	17 1/2	+
2000 Sun Oil.....	100	99	99	+
2000 U. S. Stearns.....	13	6	6	+
2000 United Motor.....	27 1/2	27 1/4	27 1/4	+
2000 Sunoco.....	100	99	99	+
2000 Wright-Martin.....	8	5 1/2	5 1/2	+